

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED
SEP - 3 1998
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Telephone Number Portability)

) CC Docket No. 95-116
) RM 8535
)

DOCKET FILE COPY ORIGINAL

MCI's RESPONSE TO PETITIONS FOR
CLARIFICATION AND RECONSIDERATION

Mary De Luca
MCI Telecommunications Corp.
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
202.887.3045

Glenn B. Manishin
Michael D. Specht
Lisa N. Anderson
Blumenfeld & Cohen—Technology Law Group
1615 M Street, N.W., Suite 700
Washington, D.C. 20036
202.955.6300

Attorneys for MCI Telecommunications Corp.

Dated: September 3, 1998

No. of Copies rec'd
List ABCDE

0114

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	i
INTRODUCTION	2
DISCUSSION	5
I. INCUMBENT LEC CARRIER-SPECIFIC LNP COSTS MAY BE RECOVERED VIA CHARGES TO END USER AND QUERY SERVICE CUSTOMERS, NOT FROM CLECs OR IXC's	5
A. Incumbent LECs Must Exclude LNP Costs From Separations Treatment.....	6
B. Under No Circumstances Should Small and Rural incumbent LECs Recover Query Costs Through Access Charges	7
C. Incumbent LECs May Not Collect End User Charges From Carriers Purchasing Feature Group A Access Services	8
D. Incumbent LECs Should Not be Permitted to Recover Overhead Costs Through Access or Interconnection Charges.....	9
II. THE COMMISSION MUST REQUIRE A TRUE-UP MECHANISM IN ORDER TO ENSURE THAT ALL CARRIERS PAY SHARED LNP COSTS	10
III. SHARED LNP COSTS INCLUDE ALL INITIAL AND SUBSEQUENT DATABASE COSTS AND MUST BE RECOVERED FROM THE INDUSTRY	12
IV. THE COMMISSION HAS CORRECTLY ASSERTED ITS AUTHORITY OVER INTERIM AND PERMANENT NUMBER PORTABILITY AND CAN APPROVE THE INCLUSION OF INTERIM LNP IN THE PERMANENT COST RECOVERY MECHANISM.	
CONCLUSION	13

SUMMARY

MCI generally supports the *Third Report and Order*, and filed a reconsideration petition limited to a discrete set of issues related to the scope of the allocator for shared LNP costs. In contrast, a number of incumbent LECs now seek changes to the *Third Report and Order* that would fundamentally undermine the principle that carriers should not recover carrier-specific LNP costs from other carriers through access charges. MCI urges the Commission to reject those petitions, and reiterates that incumbent LECs cannot impose carrier-specific LNP costs on competitive LECs and IXC's through interconnection, unbundling and access charges.

The *Third Report and Order* makes exceedingly clear the Commission's determination that the costs incurred by individual carriers to implement number portability are properly classified as "carrier-specific" LNP costs. These carrier-specific LNP costs may be recovered by means of an end user charge or other charges for a carrier's customers (such as customers of incumbent LEC querying services), but are not to be imposed on other carriers or included in access charges. The incumbent LECs' requests to utilize jurisdictional separations for LNP costs, to assess end user LNP charges on Feature Group A customers (including carrier access customers), and to recover "overhead" costs associated with carrier-specific LNP costs, all violate this basic principle — that carriers may not recover their LNP costs from other carriers. Carrier-specific LNP costs may not be imposed on other carriers under any circumstances, either directly or indirectly.

The Commission should grant WorldCom's requests for establishment of a "true-up" mechanism for shared LNP costs already paid by carriers participating in interim Limited Liability Companies' ("LLC") cost recovery mechanisms, and for clarification that database modification costs are appropriately classified as shared LNP costs.

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	i
INTRODUCTION	2
DISCUSSION	4
I. INCUMBENT LEC CARRIER-SPECIFIC LNP COSTS MAY BE RECOVERED VIA CHARGES TO END USER AND QUERY SERVICE CUSTOMERS, NOT FROM CLECs OR IXC	4
5	
A. Incumbent LECs Must Exclude LNP Costs From Separations Treatment	6
B. Under No Circumstances Should Small and Rural Incumbent LECs Recover Query Costs Through Access Charges	7
C. Incumbent LECs May Not Collect End User Charges From Carriers Purchasing Feature Group A Access Services	8
D. Incumbent LECs Should Not be Permitted to Recover Overhead Costs Through Access or Interconnection Charges	9
II. THE COMMISSION MUST REQUIRE A TRUE-UP MECHANISM IN ORDER TO ENSURE THAT ALL CARRIERS PAY SHARED LNP COSTS	10
III. SHARED LNP COSTS INCLUDE ALL INITIAL AND SUBSEQUENT DATABASE COSTS AND MUST BE RECOVERED FROM THE INDUSTRY	12
IV. THE COMMISSION HAS CORRECTLY ASSERTED ITS AUTHORITY OVER INTERIM AND PERMANENT NUMBER PORTABILITY AND CAN APPROVE THE INCLUSION OF INTERIM LNP IN THE PERMANENT COST RECOVERY MECHANISM.	13
CONCLUSION	14

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	CC Docket No. 95-116
Telephone Number Portability)	RM 8535
)	

**MCI's RESPONSE TO PETITIONS FOR
CLARIFICATION AND RECONSIDERATION**

MCI Telecommunications Corporation ("MCI"), by its attorneys and pursuant to Section 1.4(b)(1) of the Commission's Rules, 47 C.F.R. § 1.4(b)(1), hereby responds to the petitions for clarification and reconsideration of the *Third Report and Order*¹ in this proceeding.²

MCI generally supports the *Third Report and Order*, and filed a reconsideration petition limited to a discrete set of issues related to the scope of the allocator for shared local number

¹ *Telephone Number Portability, Third Report and Order*, CC Docket No. 95-116, RM 8535, FCC 98-82 (rel. May 12, 1998), 63 Fed. Reg. 35,150 (June 29, 1998) ("*Third Report and Order*").

² By Public Notice released August 11, 1988, the Common Carrier Bureau solicited public comment on the 17 petitions for reconsideration filed in connection with the *Third Report and Order*: Ameritech, *Petition for Expedited Reconsideration and Clarification* (filed July 29, 1998); Bell Atlantic, *Petition for Reconsideration* (filed July 29, 1998); BellSouth Corporation ("BellSouth"), *Petition for Reconsideration* (filed July 29, 1998); Comcast Cellular Communications, Inc. ("Comcast"), *Petition for Clarification* (filed July 29, 1998); Florida Public Service Commission ("Florida PSC"), *Petition for Clarification* (filed July 27, 1998); MCI Telecommunications Corp., *Petition for Clarification and Partial Consideration* (filed July 29, 1998); National Exchange Carrier Association, Inc. ("NECA"), *Expedited Petition for Consideration* (filed July 29, 1998); National Telephone Cooperative Association, *Petition for Reconsideration and Clarification* (filed July 29, 1998); New York Department of Public Service, *Petition for Reconsideration* (filed July 29, 1998); Oklahoma Rural Telephone Coalition and Texas Statewide Telephone Cooperative, Inc. ("ORTC/TSTCI"), *Joint Petition for Clarification and Reconsideration* (filed July 29, 1998); Personal Communications Industry Association ("PCIA"), *Petition for Clarification* (filed July 29, 1998); Pennsylvania Office of Consumer Advocate of the FCC's Third Report and Order, *Petition for Reconsideration* (filed July 27, 1998); SBC Communications, Inc., *Petition for Clarification and Reconsideration* (filed July 29, 1998); Sprint Local Telephone Companies ("Sprint"), *Petition for Reconsideration and Clarification* (filed July 29, 1998); United States Telephone Association ("USTA"), *Petition for Clarification and/or Reconsideration* (filed July 29, 1998); US West, Inc. ("US West"), *Petition for Reconsideration* (filed July 29, 1998); WorldCom, Inc. ("WorldCom"), *Petition for Clarification or, in the Alternative, Reconsideration* (filed July 29, 1998).

portability ("LNP") costs.³ In contrast, a number of incumbent local exchange carriers ("ILECs") seek changes to the *Third Report and Order* that would fundamentally undermine the principle that carriers should not recover carrier-specific LNP costs from other carriers through access charges. MCI urges the Commission to reject those petitions, addressed below, which improperly seek to impose incumbent LEC carrier-specific LNP costs on competitive LECs and interexchange carriers ("IXCs") through interconnection, unbundling and access charges.

INTRODUCTION

The *Third Report and Order* makes exceedingly clear the Commission's determination that the costs incurred by individual carriers to implement number portability are properly classified as "carrier-specific" LNP costs.⁴ These carrier-specific LNP costs may be recovered by means of an end user charge or other charges for a carrier's customers (such as customers of incumbent LEC querying services), but are not to be imposed on other carriers. In their reconsideration petitions, however, several incumbent LECs have proposed adjustments to the LNP cost recovery rules that would vitiate the principal that carriers cannot recover their LNP costs from other carriers by trying to impose their own carrier-specific LNP costs on other carriers through access charges. Upholding this principal is crucial to ensuring competitive neutrality, and thus the Commission should reject the incumbent LECs' proposed adjustments that would allow incumbent LECs to impose their costs on other carriers through access charges.

The Commission should reject these attempts to circumvent the *Third Report and Order*. First, the Commission should reject the request to include all LNP costs in the jurisdictional separations process. In effect, SBC Communications, Inc. ("SBC") seeks to undermine

³ MCI Telecommunications Corp., *Petition for Clarification and Partial Consideration*, CC Docket No. 95-116 (filed July 29, 1998).

implementation of the *Third Report and Order* by running all LNP costs (both shared and carrier-specific) through the separations filter.⁵ Second, although small and rural LECs that are not required to deploy LNP should be permitted to recover their own costs for launching LNP queries, the Commission should clarify that incumbent LECs may recover these query costs through end user charges, not carrier access charges. Third, under no circumstances should the Commission allow incumbent LECs to assess LNP end user charges on carriers purchasing Feature Group A (“FGA”) services. Permitting the assessment of LNP charges on FGA carrier access customers (as opposed to end users buying FGA services) would create a backdoor means for incumbent LECs to impose their own carrier-specific costs on other carriers via access charges. Finally, the Commission should not permit incumbent LECs to recover “overhead costs” through access or interconnection charges. The imposition of overhead costs on other carriers would be inconsistent with the Commission’s determination of “competitive neutrality” under Section 251(e)(2) of the Telecommunications Act of 1996 (“1996 Act”). See 47 U.S.C. § 251(e)(2).⁶

In addition, the Commission should also ensure that all carriers pay shared LNP costs in fair proportion. Depending upon their level of participation in regional LLC user agreements,⁷ carriers’ contributions to shared costs have varied widely. These disproportionate shared cost payments are inconsistent with Congress’ requirement for and Commission’s interpretation of competitive neutrality, as all carriers utilizing LNP benefit from number portability. Moreover, all carriers would have paid if a shared cost allocator had been in place at the onset of permanent

⁴ *Third Report and Order* ¶¶ 9, 68, 72, 136.

⁵ SBC Petition at 7-8.

⁶ 47 C.F.R. § 251(e)(2). In this section Congress requires telecommunications carriers to bear LNP costs on a competitively neutral basis.

LNP. Thus, the Commission should require the local number portability administrator (“LNPA”) to adjust all future shared costs bills subject to a “true-up” and should clarify that shared LNP costs include both initial and ongoing costs of operating and modifying the regional LNP databases.

DISCUSSION

I. INCUMBENT LEC CARRIER-SPECIFIC LNP COSTS MAY BE RECOVERED VIA CHARGES TO END USER AND QUERY SERVICE CUSTOMERS, NOT FROM CLECs OR IXC

Under Section 251(e)(2) of the 1996 Act, the costs of LNP “shall be borne by telecommunications carriers on a competitively neutral basis as determined by the Commission.”⁸ In the *Third Report and Order*, the Commission implemented this command by deciding that “[r]equiring incumbent LECs to bear their own carrier-specific costs of providing number portability and allowing them to recover those costs from their own customers, while leaving other carriers unregulated, meets [the] competitive neutrality standard.”⁹ The Commission reasoned that carriers will not be disadvantaged by bearing their own carrier-specific costs because those costs will vary directly with the number of customers that each carrier serves,¹⁰ and held flatly that incumbent LECs cannot recover long-term LNP through interstate access charges.¹¹

⁷ Some carriers have, on an interim basis, been paying the costs of operating the regional LNP databases pursuant to LLC user agreements.

⁸ 47 U.S.C. § 251(c)(2).

⁹ *Third Report and Order* ¶ 136.

¹⁰ *Id.* ¶ 137.

¹¹ *Third Report and Order* ¶ 135 (“Because number portability is not an access-related service and IXCs will incur their own costs for the querying of long-distance calls, we will not allow LECs to recover long-term number portability costs in interstate access charges. Nor would it be competitively neutral to do so.”)

Despite the Commission's clarity on this point, several incumbent LECs have tried to evade the distinction between shared and carrier-specific LNP costs by proposing, both directly and indirectly, that some carrier-specific charges be recovered from other carriers. These petitions fly in the face of the Commission's determinations and attack the fundamental principle of the *Third Report and Order* — that carriers should only pay for “shared” LNP costs that benefit the entire industry. The Commission should reject these petitions by reaffirming that carrier-specific LNP costs may be recovered from end users and other customers (including query service customers), but not from other carriers or via access charges.

A. Incumbent LECs Must Exclude LNP Costs From Separations Treatment

SBC has requested that the Commission allow incumbent LECs to include all LNP costs in the jurisdictional separations process, which is a request that, if granted, would completely eviscerate the *Third Report and Order*. SBC has argued in favor of including all LNP costs in the jurisdictional separations process because the Commission has yet to decide the final apportionment of joint costs.¹² “[T]he issue of apportionment of different types of joint costs remains to be briefed Therefore, SBC urges the Commission to clarify that until such time as the issues on LNP costs have been decided, the incumbent LECs are under no obligation to attempt to exclude what it would define as LNP costs from its separations process.”¹³ Under the jurisdictional separations process, incumbent LEC costs would be divided in such a way that the bulk of LNP costs would be apportioned to the intrastate jurisdiction, in direct contradiction of the Commission's determination that all LNP costs be recovered in the interstate jurisdiction.¹⁴ “We conclude that an exclusively federal recovery mechanism for long-term number portability

¹² SBC Petition at 7.

¹³ *Id.* at 7-8.

¹⁴ Third Report and Order ¶ 29.

will enable the Commission to satisfy most directly its competitive neutrality mandate, and will minimize the administrative and enforcement difficulties that might arise were jurisdiction over long-term number portability divided.”¹⁵ Specifically, the Commission has determined that incumbent LECs’ LNP costs are not subject to jurisdictional separations.¹⁶

Despite SBC’s claims, the majority of LNP costs are known, as the Commission has made determinations with respect to shared and carrier-specific costs, the most significant of the LNP costs. The Commission has only yet to resolve questions as to whether or not certain carrier-specific costs are directly related to providing number portability (and therefore recoverable) or not directly related to providing number portability (and therefore not recoverable). The costs in question are minor relative to the known shared and direct costs eligible for recovery. The fact that a minor portion of costs may yet remain unidentified does not in any way justify undermining the *Third Report and Order*.

More importantly, treating LNP costs in accordance with current separations rules is directly inconsistent with the Commission’s conclusion that carrier-specific LNP costs are to be recovered from end users, not other carriers. Application of the separations process would permit incumbent LECs to incorporate a significant proportion of their carrier-specific LNP costs into IXC access charges, thus defeating the Commission’s determination that a carrier may not impose its own LNP costs on other carriers. Whether or not incumbent LECs merit any adjustment in light of the fact that the Commission has not yet decided how to allocate joint costs for purposes of LNP, they should not be permitted to evade the prohibition against imposing carrier-specific LNP costs on other carriers, even for a temporary period, by running all LNP costs through the separations filter.

¹⁵ *Id.*

B. Under No Circumstances May Small and Rural Incumbent LECs Recover Their LNP Query Costs Through Access Charges

Trade associations representing many smaller incumbent LECs have asked the Commission to permit them to recover costs associated with LNP even before they are required to deploy number portability.¹⁷ These small and rural carriers argue that although they do not provide LNP queries, they still must incur significant and substantial costs associated with launching queries in order to terminate local calls. These petitioners argue that the current LNP costs recovery rules do not permit a mechanism for recovery of these query costs because, without LNP capabilities, these incumbent LECs are not permitted to assess end user LNP charges. In particular, ORTC/TSTCI proposes an interim solution that independent telephone carriers should be permitted to report costs associated with number portability to the NECA pool “to be added to the development of access charge rates for the ITCs,” and allow ITCs that charge access through their own tariffs “to include number portability costs when calculating access rates.”¹⁸ Again, MCI reiterates that under no circumstances should access charges be a recovery mechanism for LNP costs.

MCI recognizes that these carriers may face significant costs associated with launching LNP queries. Although in principle there is no objection to the creation of a cost recovery mechanism for the LNP-related costs of ILECs that do not offer LNP, the Commission should not modify the cost recovery rules for incumbent LECs in such a way that permits the recovery of querying costs from other carriers. No less than small IXC, which similarly will bear LNP query costs as the “N-1” carrier, smaller ILECs should be required to recover such costs from

¹⁶ SBC Petition at 7 (citing *Third Report and Order* ¶¶ 29, 164).

¹⁷ NECA Petition at 5; NTCA Petition at 5; USTA Petition at 4-5.

¹⁸ ORTC/TSTCI at 4.

their end user customers, not carriers. Consequently, if it grants the petitions of these smaller incumbent LECs, the Commission must make clear that incumbent LEC query costs may not be recovered via access charges.

C. Incumbent LECs May Not Collect End User Charges From Carriers Purchasing Feature Group A Access Services

Several ILECs have asked the Commission for permission to assess end user charges on Feature Group A ("FGA") lines, on the grounds that FGA services can be purchased by end users.¹⁹ Bell Atlantic and SBC argue that since they provide the underlying number portability function and since FGA customers get the same benefits from number portability as end users, incumbent LECs should be able to bill the end users for those charges.²⁰ Yet whether or not LNP charges are appropriate for end user FGA customers, these incumbent LEC petitions directly challenge the Commission's determination that ILECs cannot recover long-term LNP through interstate access charges.²¹

The Commission should reject this attempt to use end user charges to circumvent its determination that carriers should not be required to pay the costs of other carriers. Carriers should not pay end user charges under any circumstances. End user charges are only one of the two ways that incumbent LECs are permitted to recover LNP costs; incumbent LECs can also recover LNP from query charges, and thus the Commission should insist that ILECs any unrecovered LNP costs associated with FGA through query charges and not through access charges.

¹⁹ Bell Atlantic Petition at 1; SBC Petition at 1-2.

²⁰ Ameritech Petition at 13-14; Bell Atlantic Petition at 1; SBC Petition at 1-2.

²¹ *Third Report and Order* ¶ 135.

D. Incumbent LECs Should Not be Permitted to Recover Overhead Costs Through Access or Interconnection Charges

Ameritech has asked the Commission to reconsider its determination that general overhead charges should not be included in carrier-specific LNP costs.²² The Commission determined that “[b]ecause carrier-specific costs directly related to providing number portability only include costs that carriers incur specifically in the provision of number portability, carriers may not use general overhead loading factors in calculating such costs.”²³ The Commission reasoned that carriers already include overhead charges in their rates for other services, and thus if carriers were allowed to recover general overhead charges, there would be a double recovery.²⁴ Thus, the Commission concluded that carriers should only be able to recover overhead to the extent that these charges arise “specifically” as a result of providing local number portability.²⁵

MCI does not agree that the *Third Report and Order* requires reconsideration on the question of general overhead. However, so long as incumbent LECs recover their carrier-specific costs from end users and carriers purchasing query services, then the inclusion of overhead charges should not impact the competitive neutrality of LNP cost recovery. Therefore, if the Commission reaffirms its determination that allowing incumbent LECs to pass through their LNP costs to carriers through interstate access charges would not be competitively neutral,²⁶ and makes clear that ILECs may not recover overhead charges through access charges or interconnection costs, MCI does not oppose inclusion of overhead charges in incumbent LEC carrier-spe-

²² Ameritech Petition at 4, 6-7; SBC Petition at 6-7; Spring Petition at 2-4; US West Petition at 8-9.

²³ *Third Report and Order* ¶ 74.

²⁴ *Id.* ¶ 74.

²⁵ *Id.*

²⁶ *Id.* ¶ 135.

cific LNP costs. Simply put, if incumbent LECs are precluded from recovering LNP costs from other carriers, including IXCs and CLECs, the marketplace should, in the long term, prevent their efforts to assess unreasonably high LNP charges on end users and other customers.

II. THE COMMISSION MUST REQUIRE A TRUE-UP MECHANISM IN ORDER TO ENSURE THAT ALL CARRIERS PAY SHARED COSTS

In order to hasten the availability of LNP, some carriers have agreed to bear the LNP costs of the entire industry on an interim basis until the Commission determined cost allocation, expecting that their early payments would be adjusted. However, these carriers are now faced with the possibility that they may be punished for their coverage of these interim costs, which has allowed the whole industry to benefit from LNP. WorldCom's petition asks that the Commission direct a "true-up" mechanism for shared LNP costs in order to ensure that shared LNP costs are fairly apportioned among all telecommunications carriers.²⁷ MCI agrees.

Thus far, only carriers that have signed user agreements have paid LNP costs, and these carriers are only a subset of the carriers that have used LNP. While some carriers have already been paying a significant share of the cost to the regional LNPAs based on interim agreements that have been negotiated by the regional LLCs, other carriers have not made any payments. Moreover, there is a disparity even among the carriers who have been paying to the regional LNPAs, as some carriers have been paying for a longer period of time than other carriers have been paying.

This differential is inconsistent with the Commission's requirement for the allocation of shared costs among all telecommunications carriers."²⁸ The *Third Report and Order* noted this differential, and allows regional administrators and LNPAs "to adjust prospectively through a

²⁷ WorldCom Petition at 2.

²⁸ *Id.* ¶ 113 (emphasis added).

reasonable true-up mechanism the future bills of those carriers that have participated in such agreements.”²⁹ MCI concurs with this finding and agrees with WorldCom that the Commission should go one step further and require that all carriers, including those not paying interim NPAC cost recovery charges, pay shared costs subject to a true-up mechanism.

This type of true-up mechanism is necessary to ensure that all carriers pay a proportional amount of shared LNP costs for the period of time that they were benefiting from interim LNP. Moreover, such a true-up mechanism is also consistent with Section 251(e)(2), and reinforces competitive neutrality. First, had the *Third Report and Order* been released earlier, all carriers would already have been responsible for paying these shared costs. As the Commission has recognized, a true-up mechanism ensures that the shared costs of each carrier “approaches what those carriers would have paid had an end user telecommunications revenue allocator been in place when carriers started paying the regional administrators.”³⁰

Second, as the Commission has also indicated, all carriers should contribute to the costs of the regional databases because all carriers benefit from LNP. “[I]t will be equitable for all telecommunications carriers, even those without end user revenues and those not directly involved in number portability, to contribute toward the costs of the regional databases because all telecommunications carriers will benefit from number portability.”³¹

Third, it is well established that number portability both increases competition in the local markets by removing barriers to entry and conserves telephone numbers.³² Because the entire industry benefits, the small number of carriers who have funded the interim LNP cost recovery

²⁹ Id. ¶ 117.

³⁰ Id.

³¹ Id. ¶ 114.

³² Id. ¶¶ 45, 135.

model should not be responsible for paying the LNP costs of the entire industry.³³ A true-up mechanism is therefore necessary to ensure competitive neutrality in the recovery of all shared LNP costs, including costs paid prior to the effectiveness of the Commission's new LNP cost recovery rules.³⁴

III. SHARED COSTS INCLUDE ALL INITIAL AND SUBSEQUENT DATABASE COSTS AND MUST BE RECOVERED FROM THE INDUSTRY

Shared LNP costs include initial costs as well as costs due to subsequent changes to the number portability database. The Commission has concluded “‘the costs of establishing number portability’ include not just the costs associated with the creation of the regional databases and the initial physical upgrading of the public switched telephone network, but also the ongoing costs, such as the costs involved in transferring a telephone number to another carrier and routing calls under the N-1 protocol.”³⁵ This finding is entirely consistent with WorldCom's request that the Commission clarify that shared LNP costs include not only initial NPAC costs, but also any generic “national statement of work modification” for database changes.³⁶ Like all other shared LNP costs, these costs would be distributed among all carriers, not just those carriers which have taken the lead in organizing the LLCs.

³³ WorldCom Petition at 2-6.

³⁴ An LNP cost-recovery true up would not impose number portability costs on carriers before they are in business, because the shared cost allocator is revenue-based, and new entrants have no revenues before they conduct business.

³⁵ *Third Report and Order* ¶ 38.

³⁶ WorldCom Petition at 10. NPAC changes to implement wireless LNP and/or number pooling may or may not be appropriate for recovery from all telecommunications carriers within the scope of the Commission's LNP cost allocation and recovery scheme. It is expected that such costs will be the subject of further FCC determinations.

IV. THE COMMISSION HAS CORRECTLY ASSERTED ITS AUTHORITY OVER INTERIM AND PERMANENT NUMBER PORTABILITY AND CAN APPROVE THE INCLUSION OF INTERIM LNP IN THE PERMANENT COST RECOVERY MECHANISM.

MCI supports Ameritech's suggestion that interim number portability be recovered through the monthly LNP cost.³⁷ The Commission has correctly asserted its authority over both interim and permanent LNP costs under its plenary jurisdiction provided in Section 251(e), and thus can approve the inclusion of interim LNP in the permanent cost recovery mechanism. Such Commission action would increase efficiency and avoid duplication of efforts in multiple state jurisdictions.

³⁷ Ameritech Petition at 12-13.


CONCLUSION

The Commission should reaffirm the fundamental principle of that *Third Report and Order* that carriers may not impose their own LNP costs on other carriers, including through access charges. The Commission should therefore reject incumbent LEC requests for recovery of carrier-specific costs from IXC's and competitive LEC's, and should require a "true-up" mechanism for shared LNP costs paid for by carriers funding interim LNP cost recovery prior to the effective date of the Commission's cost recovery rules.

Respectfully submitted,

MCI TELECOMMUNICATIONS CORP.

Mary De Luca
MCI Telecommunications Corp.
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
202.887.3045

By: 
Glenn B. Manishin
Michael D. Specht
Lisa N. Anderson
Blumenfeld & Cohen—Technology Law Group
1615 M Street, N.W., Suite 700
Washington, D.C. 20036
202.955.6300

Attorneys for MCI Telecommunications Corp.

Dated: September 3, 1998

I, Amy E. Wallace, do hereby certify that on this 3rd day of September, 1998, that I have served a copy of the foregoing document via U.S. Mail, postage pre-paid, to the following:


Amy E. Wallace

Kathryn C. Brown
Chief, Common Carrier Bureau
FCC
1919 M Street, N.W.
Room 500
Washington, DC 20554

Vog Yarma
Deputy Chief, Common Carrier Bureau
FCC
1919 M Street, N.W.
Room 500
Washington, DC 20554

Larry Strickling
Deputy Chief, Common Carrier Bureau
FCC
1919 M Street, N.W.
Room 500
Washington, DC 20554

John Cimko
Chief, Policy Division
Wireless Telecomm. Bureau
FCC
2025 M Street, N.W., Room 5002
Washington, DC 20554

Anna Gomez
Chief, Network Services Division
Common Carrier Bureau
FCC
2000 M Street, N.W., Room 230
Washington, DC 20554

Blaise Scinto
Deputy, Network Services Division
Common Carrier Bureau
FCC
2000 M Street, N.W., Room 230
Washington, DC 20554

Kurt Schroeder
Deputy, Network Services Division
Common Carrier Bureau
FCC
2000 M Street, N.W., Room 230
Washington, DC 20554

Gayle Radley Teicher
Network Services Division
Common Carrier Bureau
FCC
2000 M Street, N.W., Room 235
Washington, DC 20554

Dave Ward
Network Services Division
Common Carrier Bureau
FCC
2000 M Street, N.W., Room 230
Washington, DC 20554

Kris Monteith
Network Services Division
Common Carrier Bureau
FCC
2000 M Street, N.W., Room 230
Washington, DC 20554

Neal Fried
Competitive Pricing Division
Common Carrier Bureau
FCC
1919 M Street, N.W., Room 518
Washington, DC 20554

Barrett C. Sheridan
Assistant Consumer Advocate
Pennsylvania Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923

Ron Comingdeer
COMINGDEER & LEE
6011 N. Robinson
Oklahoma City, OK 73118

Laura H. Phillips
J.C. Harrington
Victoria A. Schlesinger
DOW, LOHNES & ALBERTSON, PLLC
1200 New Hampshire Ave., N.W.
Washington, DC 20036

Kathryn Marie Kraus
US WEST, INC.
1020 19th Street, N.W.
Suite 700
Washington, DC 20036

Jay C. Keithley
SPRINT LOCAL TELEPHONE COMPANIES
1350 M Street, N.W., 11th Floor
Washington, DC 20036-5807

Katherine M. Harris
Stephen J. Rosen
WILEY, REIN & FIELDING
1776 K Street, N.W.
Washington, DC 20006

ITS
1231 20th Street, N.W.
Washington, DC 20036

Cheryl L. Callahn
Assistant Counsel
New York Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Don Richards
McWhorter, Cobb & Johnson, L.L.P.
1722 Broadway
Lubbock, TX 79401

Jeffrey E. Smith
Comcast Cellular Communications, Inc.
480 E. Swedesford Road
Wayne, PA 19087

Richard S. Whitt
Anne F. La Lena
WORLDCOM, INC.
1120 Connecticut Ave., N.W., Suite 400
Washington, DC 20036

Sandra K. Williams
SPRINT LOCAL TELEPHONE COMPANIES
P.O. Box 11315
Kansas City, MO 64112

Mark J. Golden
Cathy Handley
PERSONAL COMMUNICATIONS INDUSTRY
ASSOC.
500 Montgomery Street, Suite 700
Alexandria, VA 22314-1561

Lawrence E. Sarjeant
Linda Kent
Keith Townsend
John W. Hunter
UNITED STATES TELEPHONE ASSOC.
1401 H Street, N.W., Suite 600
Washington, DC 20005

L. Marie Guillory
Jill Canfield
NATIONAL TELEPHONE COOPERATIVE ASSOC.
2626 Pennsylvania Avenue, N.W.
Washington, DC 20037

M. Robert Sutherland
Theodore R. Kingsley
BELLSOUTH CORPORATION
1155 Peachtree Street, N.E.
Suite 1700
Atlanta, GA 30309-3610

Larry A. Peck
AMERITECH
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196-1025

Richard A. Askoff
Perry S. Goldschein
NATIONAL EXCHANGE CARRIER ASSOC. INC.
100 South Jefferson Road
Whippany, NJ 07981

Robert M. Lynch
Durward D. Dupre
Hope Thurrott
SBC COMMUNICATIONS, INC.
One Bell Plaza, Room 3023
Dallas, TX 75202

John M. Goodman
BELL ATLANTIC
1300 I Street, N.W.
Washington, DC 20005